

SENATE BILL 160

Unofficial Copy  
II  
SB 385/02 - FIN

2003 Regular Session  
3r1522  
CF 3r1211

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By: **Senator Astle**  
Introduced and read first time: January 27, 2003  
Assigned to: Finance

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Committee Report: Favorable  
Senate action: Adopted with floor amendments  
Read second time: March 5, 2003

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Banking Institutions - Truncated Accounts**

3 FOR the purpose of repealing certain provisions of law requiring certain banking  
4 institutions to offer customers a certain checking account plan and to provide  
5 certain information to a customer opening a truncated checking account;  
6 ~~clarifying that a request by a customer with a truncated account for return of a~~  
7 ~~check must be in writing; requiring a banking institution that returns check~~  
8 ~~facsimiles instead of original checks to a customer who has requested the return~~  
9 ~~of a check for tax audits or litigation to return to the customer, on the customer's~~  
10 ~~request, certain check facsimiles at no additional cost to the customer; altering~~  
11 ~~the purposes for which a customer with a truncated account may request the~~  
12 ~~return of a check; altering the number of checks that a banking institution must~~  
13 ~~return to a customer with a truncated account under certain circumstances;~~  
14 ~~clarifying that a banking institution may return a check facsimile instead of an~~  
15 ~~original check to a customer under certain circumstances; requiring a banking~~  
16 ~~institution, on request of a customer with a certain truncated account, to return~~  
17 ~~to the customer, on a regular basis, the customer's original checks or certain~~  
18 ~~check facsimiles under certain circumstances; requiring a banking institution,~~  
19 ~~on request of a customer with a certain truncated account, to return to the~~  
20 ~~customer, on a regular basis and at no additional cost to the customer, certain~~  
21 ~~check facsimiles under certain circumstances; defining certain terms; making~~  
22 ~~stylistic changes; providing for a delayed effective date; and generally relating to~~  
23 truncated accounts offered by banking institutions to their customers.

24 BY repealing and reenacting, with amendments,  
25 Article - Financial Institutions  
26 Section 5-513  
27 Annotated Code of Maryland

1 (1998 Replacement Volume and 2002 Supplement)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
3 MARYLAND, That the Laws of Maryland read as follows:

4 **Article - Financial Institutions**

5 5-513.

6 [(a) A banking institution offering truncated checking accounts shall also offer  
7 customers a checking account plan that provides for the return of canceled checks on  
8 a monthly basis.

9 (b) When a customer opens a truncated checking account, the banking  
10 institution shall inform the customer of the length of time the banking institution  
11 intends to keep the original canceled checks.]

12 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
13 INDICATED.

14 (2) "CHECK" MEANS A DRAFT THAT IS DRAWN ON A BANKING  
15 INSTITUTION AND PAYABLE ON DEMAND.

16 (3) "CHECK FACSIMILE" MEANS A COPY OF AN ORIGINAL CHECK  
17 REPRODUCED THROUGH PHOTOGRAPHIC, PHOTOSTATIC, MICROFILM, MICROCARD,  
18 MINIATURE PHOTOGRAPHIC, OPTICAL IMAGING, ELECTRONIC, DIGITAL, MAGNETIC,  
19 WIRELESS, ELECTROMAGNETIC, OR OTHER PROCESS THAT ACCURATELY  
20 REPRODUCES OR FORMS A DURABLE MEDIUM FOR REPRODUCING THE ORIGINAL  
21 CHECK.

22 (4) "DRAFT" HAS THE MEANING STATED IN § 3-104 OF THE COMMERCIAL  
23 LAW ARTICLE.

24 (5) "TRUNCATED ACCOUNT" MEANS A CHECKING, NEGOTIABLE ORDER  
25 OF WITHDRAWAL, OR SIMILAR DEPOSIT ACCOUNT FOR WHICH THE ORIGINAL  
26 CHECKS DRAWN ON THE ACCOUNT ARE NOT RETURNED TO THE CUSTOMER ON A  
27 REGULAR BASIS.

28 [(c) (B) (1) (I) [When a customer elects not to receive canceled checks on a  
29 regular basis, the banking institution shall, upon the customer's request,] ON  
30 ~~WRITTEN~~ REQUEST OF A CUSTOMER WITH A TRUNCATED ACCOUNT, A BANKING  
31 INSTITUTION SHALL return any check [or check facsimile] the customer requires for  
32 tax audits or litigation OR IN CONNECTION WITH CAMPAIGN FINANCE REPORTING  
33 REQUIREMENTS UNDER THE ELECTION LAW ARTICLE, at no cost to the customer.

34 (II) IF A BANKING INSTITUTION RETURNS CHECK FACSIMILES  
35 INSTEAD OF ORIGINAL CHECKS TO A CUSTOMER UNDER SUBPARAGRAPH (I) OF THIS  
36 PARAGRAPH, ON REQUEST OF THE CUSTOMER, THE BANKING INSTITUTION SHALL  
37 RETURN TO THE CUSTOMER, AT NO ADDITIONAL COST TO THE CUSTOMER, CHECK

1 FACSIMILES OF THE FRONT AND THE BACK OF THE CUSTOMER'S ORIGINAL CHECKS  
2 THAT ARE AT LEAST THE SAME SIZE AS THE CUSTOMER'S ORIGINAL CHECKS.

3 (2) ~~It~~ SUBJECT TO THE REQUIREMENTS OF SUBSECTION (C)(1) AND (2)  
4 OF THIS SECTION, IN all other instances, ON WRITTEN REQUEST OF A CUSTOMER  
5 WITH A TRUNCATED ACCOUNT, the banking institution[, at the customer's request,]  
6 shall [provide] RETURN a [minimum] MAXIMUM of 2 checks [or check facsimiles]  
7 per month, at no cost to the customer.

8 (3) A BANKING INSTITUTION REQUIRED TO RETURN A CHECK TO A  
9 CUSTOMER UNDER THIS SUBSECTION MAY RETURN A CHECK FACSIMILE INSTEAD  
10 OF THE ORIGINAL CHECK.

11 (C) (1) ON REQUEST OF A CUSTOMER WITH A TRUNCATED ACCOUNT UNDER  
12 WHICH THE CUSTOMER DOES NOT RECEIVE CHECK FACSIMILES ON A REGULAR  
13 BASIS, A BANKING INSTITUTION SHALL RETURN TO THE CUSTOMER ON A REGULAR  
14 BASIS, AT THE BANKING INSTITUTION'S OPTION, EITHER THE CUSTOMER'S ORIGINAL  
15 CHECKS OR CHECK FACSIMILES OF THE FRONT OF THE CUSTOMER'S ORIGINAL  
16 CHECKS.

17 (2) ON REQUEST OF A CUSTOMER WITH A TRUNCATED ACCOUNT UNDER  
18 WHICH THE BANKING INSTITUTION RETURNS CHECK FACSIMILES ON A REGULAR  
19 BASIS, A BANKING INSTITUTION SHALL RETURN TO THE CUSTOMER ON A REGULAR  
20 BASIS, AT NO ADDITIONAL COST TO THE CUSTOMER, CHECK FACSIMILES OF THE  
21 FRONT OF THE CUSTOMER'S ORIGINAL CHECKS THAT ARE AT LEAST THE SAME SIZE  
22 AS THE CUSTOMER'S ORIGINAL CHECKS.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
24 ~~June 1, 2003~~ January 1, 2004.